

Message Text

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65

ORIGIN EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 STR-04 CIAE-00

DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 AGR-05

CEA-01 COME-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSC-05 PA-01 AID-05 CIEP-01 SS-15 ITC-01 TRSE-00

PRS-01 SP-02 OMB-01 AF-08 ARA-06 EA-07 NEA-10 OIC-02

/133 R

DRAFTED BY EB/OT/GCP:RTBANQUE:JM

APPROVED BY EB/OT:WBARRACLOUGH

COMMERCE:RFRANCIS

AGRICULTURE:JTRURAN

EUR/WE:EBEIGEL

EUR/RPE:ECASEY

STR:SLANDE

TREASURY:AGAULT

LABOR:JCOYLE (INFO)

----- 021893

O R 202248Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY LISBON IMMEDIATE

INFO USMISSION EC BRUSSELS

USDEL MTN GENEVA

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, PO

SUBJECT: PORTUGUESE ELIGIBILITY FOR GSP: CONSULTATIONS,

MARCH 29-31, 1976

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REFS: A. STATE 77830, B. (1975) STATE 254877

1. SUMMARY. DURING THREE DAYS OF DISCUSSIONS, THE
PORTUGUESE DELEGATION STATED THAT GOP WOULD TAKE ACTIONS TO

ELIMINATE SIGNIFICANT ADVERSE EFFECT OF PREFERENTIAL TREATMENT ACCORDED TO EC UNDER EC-PORTUGAL ASSOCIATION AGREEMENT OF 1973. GOP INTENDS TO ELIMINATE MARGINS OF PREFERENCE ON 15 TARIFF CATEGORIES (LIST IN PARA 5 BELOW). GOP WILL ALSO CONSIDER ELIMINATION OF MARGINS OF PREFERENCE ON OTHER PRODUCTS USG MAY BRING TO GOP ATTENTION IN THE FUTURE. WHEN GOP PRESENTS NOTE (PARA ONE AND FIVE, REF A), EMBASSY SHOULD MAKE ORAL PRESENTATION REGARDING TARIFF NUMBER 39.07.05.00 (SEE PARA 3 D BELOW). TEXTS OF CONGRESSIONAL LETTERS ANNOUNCING PRESIDENTIAL INTENTION TO DESIGNATE PORTUGAL A GSP BENEFICIARY WILL BE CABLED WHEN IN FINAL FORM. EXECUTIVE ORDER WILL BE ISSUED AS SOON AS EMBASSY CAN CONFIRM THAT TARIFF ACTIONS ARE IN FULL EFFECT. U.S. DEL AGREED TO REVIEW WHETHER ANY CORK PRODUCTS EXPORTED FROM PORTUGAL ARE NON-COMPETITIVE WITH U.S. PRODUCTS. END

SUMMARY.

2. FOUR PERSON PORTUGUESE DELEGATION HEADED BY DR. PEDRO ORDAZ MET WITH U.S. INTERAGENCY DELEGATION CO-CHAIRLED BY STEPHEN LANDE, ASSISTANT STR AND CARL W. SCHMIDT, DIRECTOR, OFFICE OF TRADE, STATE. THE CONSULTATIONS CONCLUDED WITH AN AD REFERENDUM NOTE WHICH, IF APPROVED BY GOP, WILL ON DELIVERY TRIGGER LETTERS FROM PRESIDENT TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES ANNOUNCING THE PRESIDENT'S INTENTION TO DESIGNATE PORTUGAL AS A GSP BENEFICIARY. PORTUGAL'S DESIGNATION BY EXECUTIVE ORDER WILL OCCUR AS SOON AS POSSIBLE AFTER GOP TAKES TARIFF ACTION. ACTION: REQUEST SOONEST THE EMBASSY'S BEST ESTIMATE OF WHEN GOP IS LIKELY TO DELIVER NOTE.

3. MAIN SUBJECT OF DISCUSSIONS WAS PRODUCT LIST (REF B, PARA 5). INITIALLY, GOP DEL AGREED TO ELIMINATE MARGINS OF PREFERENCE BY LOWERING MFN TARIFFS ON 12 OF 16 TARIFF NUMBERS ON OUR OCTOBER PRODUCT LIST. (NOTE THAT ALTHOUGH LIMITED OFFICIAL USE
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THERE WERE 17 STATISTICAL NUMBERS ON OCTOBER LIST, TWO OF THE EIGHT DIGIT STATISTICAL NUMBERS--85.15.03.03 AND 85.15.03.09--FALL WITHIN A SINGLE SIX DIGIT TARIFF NUMBER, 85.15.03. THUS, THERE WERE ONLY SIXTEEN TARIFF NUMBERS AT ISSUE.) A. GOP DEL STATED THAT TARIFF ITEMS 30.03.04 (OTHER MEDICAMENTS) 55.09.06 (OTHER COTTON FABRICS) WERE SENSITIVE, AND MFN TARIFFS COULD NOT BE REDUCED BECAUSE OF CONCERN OVER POTENTIAL FOR COMPETITION FROM THIRD COUNTRIES (SPAIN). GOP DEL GAVE INDICATION THAT COTTON FABRICS ITEM WAS SIGNIFICANTLY GREATER PROBLEM THAN PHARMACEUTICAL ITEM. U.S. DEL PRESSED ON PHARMACEUTICAL ITEM, AND ON FINAL DAY OF CONSULTATIONS GOP DEL AGREED TO ELIMINATE MARGIN OF PREFERENCE BY LOWERING MFN

TARIFF TO EC PREFERENTIAL RATE. U.S. DEL EXPRESSED VIEW THAT FAILURE TO ELIMINATE MARGIN OF PREFERENCE ON COTTON FABRIC ITEM WAS NOT SUFFICIENT TO PROSCRIBE PORTUGUESE GSP ELIGIBILITY. B. GOP DEL STATED THAT TARIFF ITEMS 56.01.02 AND 84.59.07 WERE SENSITIVE ITEMS. GOP HAS REQUESTED EC CONCURRENCE TO RAISE LEVEL OF PROTECTION FOR ITEMS. IF EC CONCURS, TARIFF RATE WILL BE INCREASED, SO THAT SAME RATE WILL APPLY TO U.S. AND EC FOR A PERIOD OF TIME. A MARGIN OF PREFERENCE WOULD RE-APPEAR, HOWEVER, AT A LATER TIME. U.S. DEL STATED THAT TARIFF ITEMS WOULD HAVE TO BE SUBJECT OF BILATERAL CONSULTATIONS, IF EC DOES NOT CONCUR AND MARGINS OF PREFERENCE ARE NOT ELIMINATED. GOP WILL NOTE ITS UNDERSTANDING THAT U.S. WOULD EXPECT TO CONSULT ON TARIFF ITEMS, IF MARGINS OF PREFERENCE ARE NOT ELIMINATED. C. GOP DEL INQUIRED WHETHER THERE MIGHT BE OTHER PRODUCTS, THE PREFERENCE MARGINS OF WHICH WERE OF CONCERN TO THE UNITED STATES, SINCE GOP UNABLE TO ACT ON ALL ITEMS ON U.S. LIST. U.S. DEL SUGGESTED THAT IF 1974 TRADE DATA HAD BEEN USED FOR ORIGINAL U.S. ANALYSIS SEVERAL OTHER TARIFF ITEMS MIGHT HAVE BEEN ADDED TO U.S. PRODUCT LIST. FOR EXAMPLE, THE FOLLOWING TARIFF ITEMS APPEARED SIGNIFICANT:

STATISTICAL NO.	PRODUCT DESCRIPTION	MFN TARIFF
-----	(1974 US EXPORTS, THOUSAND	
-----	DOLLARS)	

39.07.05.00	OTHER ARTICLES OF PLASTIC	60 ESC/KG
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-----	(596.5)	
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85.21.03.00	OTHER VALVES AND TUBES	13 PERCENT
-----	(2,459.0)	

90.17.02.09	MEDICAL AND DENTAL	13 PERCENT
-----	INSTRUMENTS (683.9	

ON FINAL DAY OF CONSULTATIONS GOP DEL STATED INTENTION TO ELIMINATE MARGINS OF PREFERENCE BY LOWERING MFN TARIFF ON TARIFF NUMBERS 85.21.03 AND 90.17.02. THE ITEMS ARE INCLUDED IN THE LIST IN PARAGRAPH 5 BELOW. U.S. DEL NOTED GOP INTENTION. D. WITH REGARD TO TARIFF NUMBER 39.07.05.00 GOP DEL STATED THAT THE TARIFF ITEM INCLUDED A WIDE VARIETY OF PRODUCTS, SOME OF WHICH WERE MANUFACTURED IN PORTUGAL. GOP DEL THOUGHT IT POSSIBLE TO IDENTIFY IMPORTS FROM THE UNITED STATES THAT ARE NOT COMPETITIVE WITH DOMESTIC PORTUGUESE PRODUCTION AND THAT COULD BE "EXED-OUT" WITH A SUBSEQUENT ELIMINATION OF THE MARGIN OF PREFERENCE. WHEN GOP PRESENTS NOTE, THE EMBASSY SHOULD TAKE THE OPPORTUNITY TO FIND OUT WHAT GOP IS ABLE

TO DO IN THIS AREA. E. U.S. DEL REQUESTED CLARIFICATION OF GOP ACTIVITY AND INTENTIONS UNDER ARTICLE 7 OF PROTOCOL 8 OF EC-PORTUGAL AGREEMENT, DEALING WITH EC AGRICULTURAL MARKET SHARE. GOP DEL STATED THAT NO ACTION HAS BEEN TAKEN TO DATE UNDER THIS PROVISION AND GAVE ASSURANCES THAT NONE WAS CONTEMPLATED. GOP DEL FURTHER STATED THAT CONSULTATIONS REGARDING POSSIBLE FUTURE PREFERENCES ON PRODUCTS COVERED BY THIS PROVISION WOULD BE APPROPRIATE UNDER PROCEDURES PROVIDED FOR IN GOP NOTE.

4. GOP DEL RAISED GSP ELIGIBILITY FOR CORK PRODUCTS ON SEVERAL OCCASIONS. THERE ARE TEN TSUS TARIFF NUMBERS CURRENTLY ELIGIBLE FOR GSP. WHEN PORTUGAL IS DESIGNATED AS A GSP BENEFICIARY, IT WILL BE EXCLUDED FROM RECEIVING GSP TREATMENT FOR NINE OF THE TEN ITEMS BECAUSE PORTUGAL SUPPLIED MORE THAN FIFTY PERCENT OF U.S. IMPORTS IN 1975. GOP DEL CLAIMED THAT CORK PRODUCTS ENTERING UNDER AT LEAST SOME OF THE TARIFF ITEMS WERE NOT COMPETITIVE WITH U.S. PRODUCTS AND, THEREFORE, GSP TREATMENT FOR THE PRODUCTS SHOULD NOT BE SUBJECT TO THE FIFTY PERCENT LIMITED OFFICIAL USE
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LIMITATION, IN ACCORDANCE WITH SECTION 504(D) OF THE TRADE ACT. U.S. DEL REPLIED THAT EACH OF THE TARIFF ITEMS INCLUDED CORK PRODUCTS WHICH WERE MANUFACTURED IN THE UNITED STATES, OR THERE WERE RUBBER OR PLASTIC COMPETITIVE PRODUCTS WHICH WERE MANUFACTURED IN THE UNITED STATES. U.S. DEL STATED THAT TARIFF ITEMS WOULD BE REVIEWED TO DETERMINE WHETHER NON-COMPETITIVE PRODUCTS EXISTED WHICH COULD THEN BE "EXED-OUT," SO THAT ITEM WOULD NOT BE SUBJECT TO THE FIFTY PERCENT LIMITATION.

5. PRODUCT LIST:

TARIFF NO.	PRODUCT DESCRIPTION
29.44.05	ANTIBIOTICS: NOT SPECIFIED
30.03.04	MEDICAMENTS: NOT SPECIFIED
37.02.02	FILM IN ROLLS, SENSITISED,
	UNEXPOSED, PERFORATED OR NOT:
	FOR CINEMATOGRAPHIC CAMERAS
38.19.09	CHEMICAL PRODUCTS AND PREPA-
	RATIONS OF THE CHEMICAL OR
	ALLIED INDUSTRIES: NOT SPECI-
	FIED.
84.06.03	INTERNAL COMBUSTION PISTON
	ENGINES: NOT SPECIFIED, OF
	MORE THAN 25 KW.
84.12.00	AIR CONDITIONING MACHINES,
	SELF-CONTAINED, COMPRISING A
	MOTOR-DRIVEN FAN AND ELEMENTS

----- FOR CHANGING THE TEMPERATURE
 ----- AND HUMIDITY OF AIR.
 84.17.05 ----- MACHINERY, PLANT AND SIMILAR
 ----- LABORATORY EQUIPMENT, WHETHER
 ----- OR NOT ELECTRICALLY HEATED, FOR
 THE TREATMENT OF MATERIALS BY A PROCESS INVOLVING A CHANGE
 ----- OF TEMPERATURE: NOT SPECIFIED.
 85.15.03 ----- RADIO-TELEGRAPHIC AND
 ----- RADIO-TELEPHONIC TRANSMISSION
 ----- AND RECEPTION APPARATUS; RADIO
 ----- NAVIGATIONAL AID APPARATUS; NOT
 ----- SPECIFIED.
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85.21.03 ----- PHOTO CELLS: MOUNTED TRANSIS-
 ----- TORS AND SIMILAR MOUNTED DEVICES
 ----- INCORPORATING SEMI-CONDUCTORS;
 ----- NOT SPECIFIED.
 87.03.03 ----- SPECIAL PURPOSE MOTOR LORRIES
 ----- AND VANS, NOT INCLUDING THE

TARIFF NO.	PRODUCT DESCRIPTION
-----	----- MOTOR VEHICLES OF HEADING 87.02;
-----	----- NOT SPECIFIED.
88.03.00	----- PARTS FOR BALLOONS, AIRSHIPS,
-----	----- FLYING MACHINES, GLIDERS AND
-----	----- KITES, ROTOCHUTES.
90.14.00	----- SURVEYING, HYDROGRAPHIC, NAVI-
-----	----- GATIONAL, METEOROLOGICAL,
-----	----- HYDROLOGICAL AND GEOPHYSICAL
-----	----- INSTRUMENTS; COMPASSES; RANGE-
-----	----- FINDERS.
90.17.02	----- MEDICAL, DENTAL, SURGICAL AND
-----	----- VETERINARY INSTRUMENTS AND
-----	----- APPLIANCES; NOT SPECIFIED.
90.28.04	----- ELECTRICAL MEASURING, CHECKING,
-----	----- ANALYSING, OR AUTOMATICALLY
-----	----- CONTROLLING INSTRUMENTS AND
-----	----- APPARATUS; NOT SPECIFIED.
97.04.04	----- EQUIPMENT FOR PARLOUR, TABLE
-----	----- AND FUNFAIR GAMES FOR ADULTS
-----	----- OR CHILDREN; NOT SPECIFIED.

6. MISSION EC BRUSSELS MAY INFORM COMMISSION WE EXPECT
 TO BE ABLE TO DESIGNATE PORTUGAL A GSP BENEFICIARY, WHILE
 REFERRING COMMISSION TO GOP FOR SPECIFIC PROVISIONS OF THE
 ARRANGEMENT. ROBINSON

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Message Attributes

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TAGS: ETRD, PO, US
To: LISBON INFO EC BRUSSELS
MTN GENEVA
GENEVA
Type: TE
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